

Data Sheet

USAID Mission:	Egypt
Program Title:	Infrastructure
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	263-018
Proposed FY 2004 Obligation:	\$7,400,000 ESF
Prior Year Unobligated:	\$8,000 ESF
Proposed FY 2005 Obligation:	\$0
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2006

Summary: Improved power, telecommunications and water/waste water services are essential to Egypt's overall economic growth and quality of life. USAID's programs in these sectors fall into three categories:

- Construction to expand utility services and coverage;
- Technical and managerial assistance to help utilities operate efficiently, improve services, and recover costs; and
- Institutional and regulatory capacity building to promote private sector participation in financing and management of utilities, enhance service delivery, and improve the overall sustainability of Egypt's infrastructure services.

Most support for infrastructure will end by September 30, 2005, although a few activities will continue until September 30, 2006. During these final years of the program, USAID activities will implement the last construction activities and provide assistance to enhance the sustainability of past investments. New funds will focus on small-scale projects providing services in rural areas currently un-served by modern utility services.

Inputs, Outputs, Activities:

FY 2004 Program:

Egypt utilities management (\$4,400,000 ESF). This funding is intended for construction of sewage collection systems, benefiting about 93,000 low-income residents in four areas of the Minya Governorate. Principal Contractors and grantees include ABBA Susa, Harza, UNICEF, and Planning Development Collaborative (PADCO).

Secondary Cities (\$3,000,000 ESF). This funding will be used for emergency repairs on a pump station in Luxor that threatens to flood the city with raw sewage. This activity is expected to last approximately 20 months. Principal contractors include Chemonics, Washington Int'l. Inc., Contrack Int'l Inc., and Morganti Group Int'l.

Development Credit Authority (\$8,000 ESF Prior Year Unobligated). This activity will provide a guarantee for a portfolio of loans to be made to enhance private sector participation in the water and wastewater sector.

FY 2005 Program:

No obligations are planned for FY 2005.

Performance and Results: Approximately 20 million people benefited from USAID investments in water and sanitation during the last 25 years, including major renovation of the sewage and wastewater systems in Cairo and Alexandria. In fact, once construction activity under Alexandria Wastewater II ends in January 2004, USAID will have financed virtually all of that city's sewage treatment. The result is

improved health for the people, as indicated by the decline in childhood diseases. Major improvements in operations and management (O&M) cost recovery were achieved in the water and wastewater utilities, including increased billings and collections, reduced water losses, improved customer service, and the establishment of management information systems. Among the utilities where USAID has worked, O&M cost recovery improved from 61% in 1999 to 86% by 2002. Despite these improvements, however, full economic sustainability of these investments requires significant increases in water and waste water tariffs.

A number of construction and other activities were completed and other achievements realized during FY 2003. These include the expansion of wastewater maximum treatment capacity by about 780,000 cubic meters in Alexandria, and rehabilitation of the water network to benefit about 60,000 low-income residents through improved water pressure, 24-hour service, and better water quality. Two slow sand water filters were completed in Middle Egypt, serving 60,000 people in rural areas. On-going actions will double their capacity. A new Minya raw water intake will benefit about 350,000 people living in Minya City by providing a greater volume of Nile water to be treated at two of its three water treatment plants. Two agreements were signed for the construction of sewage lines in Minya, benefiting about 31,000 people. The final hand-over was completed for a new water treatment plant in Mansoura with a capacity of 1,200 liters per second, serving 900,000 residents. The final hand-over was completed for two wastewater treatment plants in Nuweiba with capacities of 2,600 and 4,100 cubic meters per day plus an extensive, affiliated network, including wastewater pump stations, gravity sewers, force mains, water line improvements, and house connections, all serving 30,000 residents, at a cost of almost \$14 million. The final hand-over was also completed for two wastewater treatment plants and rehabilitation of two water treatment plants in the Aswan Governorate cities of Nasser City, Ballana, and Kom Ombo, including construction of gravity sewers, force mains, and four wastewater pump stations, serving 175,000 residents. In telecommunications, expansion of the digital switching capacity was completed for 310,000 telephone lines. In power, FY 2003 saw the completion of the Cairo Regional Control Center, which manages the power grid for Cairo's 18 million people. Power plant controls upgrades at Abu Sultan and the Aswan High Dam were completed; and, improvements were also made in the Reactive Power Compensation system of the Egyptian high voltage transmission grid.

The sustainability of USAID and Egyptian Government investments in the infrastructure sector is jeopardized by reluctance to charge higher user tariffs in the water and wastewater sector, and to a lesser extent, in the power sector. For this reason, the program implements its activities with special focus on legal, regulatory, and institutional reform issues to facilitate more rational tariff setting, better cost recovery, and to encourage greater private sector participation (PSP).

USAID's engagement of the GOE in a continuing policy dialogue led to the development of enabling legislation for the creation of a water regulatory agency and reform of the governorate-based water and wastewater utilities into a nationally-based holding company. USAID also promotes specific private sector participation (PSP) activities through the sponsorship of a feasibility study and transaction design for a concession of Alexandria's water and wastewater services, and the creation of a partial loan guarantee targeting PSP deals through USAID's Development Credit Authority and Commercial International Bank, Egypt's leading private sector bank.

US Financing in Thousands of Dollars

Egypt

263-018 Infrastructure	ESF
Through September 30, 2002	
Obligations	3,342,795
Expenditures	2,809,252
Unliquidated	533,543
Fiscal Year 2003	
Obligations	25,370
Expenditures	133,687
Through September 30, 2003	
Obligations	3,368,165
Expenditures	2,942,939
Unliquidated	425,226
Prior Year Unobligated Funds	
Obligations	8
Planned Fiscal Year 2004 NOA	
Obligations	7,400
Total Planned Fiscal Year 2004	
Obligations	7,408
Proposed Fiscal Year 2005 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	3,375,573